

## Message Text

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ORIGIN AF-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01  
INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15  
USIA-06 AID-05 COME-00 EB-08 FRB-03 TRSE-00  
XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 DOE-11 SOE-02  
/111 R

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APPROVED BY AF:RMMOOSE  
S - ARTHUR HOUGHTON  
AF/C:WLCUTLER

-----113250 040521Z /13

P 032042Z MAR 78  
FM SECSTATE WASHDC  
TO AMEMBASSY KINSHASA PRIORITY  
INFO AMEMBASSY BRUSSELS PRIORITY  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY BONN

C O N F I D E N T I A L STATE 055150

E.O. 11652: GDS

TAGS:CG, US, EAID

SUBJECT:FONMIN UMBA CALL ON SECRETARY VANCE, MRCH 1

SUMMARY: DURING HIS FIRST OFFICIAL CALL IN WASHINGTON,  
FONMIN UMBA REVIEWED THE CONTEXT AND THRUST OF THE MOBUTU  
PLAN, REVEALING LITTLE NEW BUT ADDING EMPHASIS TO THE  
COMMITMENT OF THE GOZ AND PRESIDENT MOBUTU TO THE REFORM  
AND RECOVERY PLAN. OTHER SUBJECTS BY SEPTELS. END SUMMARY.

1. UMBA OPENED BY NOTING ZAIRE'S SEVERE ECONOMIC PROBLEMS.  
THE DIFFICULTIES ARE THE SAME AS PREVIOUSLY BUT NEW ELEMENT  
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IN GOZ IS THE WILL TO OVERCOME THEM. MOBUTU PLAN NOT  
CONCEIVED IN A VACUUM. GOZ HAD ACTED ON ADVICE FROM ITS  
FRIENDS AND HAD MOVED TOWARD POLITICAL LIBERALIZATION, E.G.,  
RECENT ELECTIONS, NEW CONSTITUTION, APPOINTMENT OF PRIME  
MINISTER, ETC. THE PRESIDENT NO LONGER HAS A "MONOPOLY  
OF POWER"; INSTEAD POWER IS SHARED AND EXERCISED BY THE  
CONSTITUTIONAL ORGANS OF STATE. BUT IMPLEMENTATION NEEDS

TIME, NOT TWO OR THREE MONTHS.

2. THE MOBUTU PLAN ENTAILS THREE KEY POINTS: AGRICULTURE, TRANSPORTATION AND ENERGY. HOWEVER TO TACKLE THESE AREAS ZAIRE NEEDS TO PUT AN END TO THE PRACTICES WHICH HAVE HOBBOLED ITS ECONOMIC DEVELOPMENT HERETOFORE. IT REQUIRES

A GENERAL CLEANING UP OF THE FINANCIAL SITUATION AND PUBLIC INSTITUTIONS. IT MUST PUT DOWN THE CORRUPTION AND EXAGGERATED EXPENDITURES OF THE PAST.

3. AGRICULTURE. THE US IS STRONG BECAUSE ITS AGRICULTURE IS STRONG. ZAIRE, HOWEVER, IS SHORT ON MANY BASIC FOODSTUFFS, SUCH AS CORN, RICE, MEAT, MILK AND SUGAR. THE SHORTAGES RESULT FROM BAD ORGANIZATION AND FORMER EXCESSIVE CONCENTRATION ON COPPER PRODUCTION WHEN PRICE WAS HIGH, AT EXPENSE OF AGRICULTURE AS ONE CAN SEE NOW THAT COPPER HAS FALLEN. ZAIRE LOSES MONEY ON EACH TON OF COPPER PRODUCED BUT NEEDS THE FOREIGN EXCHANGE. CLOSURE OF BENGUELA RAILROAD NOT ONLY RAISES COSTS BUT ALSO EXTENDS TRANSIT TIME FOR COPPER EXPORTS.

4. TRANSPORTATION AND ENERGY. UMBA TOUCHED QUICKLY ON TRANSPORTATION AND ENERGY, NOTING THAT WITHOUT ROADS, BRIDGES, FERRIES AND TRUCKS, FOOD CANNOT GET TO MARKET, AND WITHOUT FUEL TRUCKS AND INDUSTRIES CANNOT RUN. TWO  
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YEARS AGO FUEL COST ZAIRE ABOUT \$50 OR 60 MILLION P.A.; TODAY THE BILL RUNS TO ABOUT \$150 MILLION.

5. TURNING TO FINANCE, UMBA SAID THAT THE GOZ WILL ASK THE IMF TO SEND A 'SENIOR OFFICIAL' TO 'TAKE CHARGE' OF THE NATIONAL BANK. (AT THIS POINT SECRETARY INTERJECTED AN EMPHATIC "VERY GOOD") INTENTION IS TO CONFER ON BANK SUFFICIENT INDEPENDENCE AND AUTHORITY TO WITHSTAND POLITICAL PRESSURES, A SITUATION WHICH HAS NOT PERTAINED IN THE PAST. NOBUTU'S FIRST PRIORITY WAS RESTORATION OF CREDIT WORTHINESS TO GET THE ECONOMY GOING AGAIN.

6. IMF IS SENDING TEAM TO KINSHASA THIS MONTH TO WORK ON STABILIZATION PROGRAM. TEAM WOULD HAVE COME SOONER BUT GOZ HAD PREFERRED IT WAIT UNTIL GOZ IS PREPARED WITH ALL NECESSARY DOCUMENTATION. BANK CONSORTIUM IS WORKING ON \$250 MILLION LOAN BUT BEFORE DISBURSEMENT ZAIRE MUST COVER ITS ARREARAGES ON PRIVATE DEBT AND MUST HAVE AGREEMENT WITH IMF. RESPONDING TO SECRETARY'S QUESTION, UMBA SAID HE HAD NO EXACT FIGURES ON THE ANNUAL DEBT SERVICING COST TO ZAIRE. BUT THIS IS BEING ADDRESSED IN

CONSULTATIONS WITH BELGIUM AND WILL ALSO BE ADDRESSED BY IMF TEAM.

7. IN SUMMING UP THIS SUBJECT, UMBA REPEATED THAT ZAIRIAN PRIORITY IS TO FEED THE PEOPLE AND TO KEEP BUSINESS RUNNING SO THAT DEMOCRATIZATION MAY PROCEED. IN THIS PROCESS ZAIRE NEEDS HELP OF ITS FRIENDS, AND IN THAT CATEGORY THE US OCCUPIES "THE FOREMOST POSITION."

8. SECRETARY VANCE, IN RESUME, SAID THAT WE WERE VERY PLEASED WITH THE STEPS BEING TAKEN IN CONNECTION WITH THE ECONOMIC SITUATION IN ZAIRE. WE UNDERSTAND THAT THERE WILL BE A MEETING ON THE SUBJECT IN BRUSSELS AND SAID THAT THE USG WOULD BE REPRESENTED THERE. THE US  
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WILL PARTICIPATE IN THE PLAN SINCE "WE HAVE A VERY GREAT INTEREST IN SEEING YOU RESOLVE YOUR PROBLEMS." HE WISHED TO REPEAT THAT WHICH PROBABLY DID NOT NEED REPETITION: USG PLACES A HIGH VALUE ON THE RELATIONS BETWEEN OUR TWO COUNTRIES, AND HE HOPED MINISTER UMBA WOULD CONVEY THAT FACT TO PRESIDENT MOBUTU.

9. ATMOSPHERICS. MEETING LASTED APPROXIMATELY ONE HOUR, WITH UNDER SECRETARY HABIB AND AMBASSADOR CUTLER IN ATTENDANCE. FONMIN UMBA WAS ACCOMPANIED BY AMB. KASONGO AND COUNSELOR NGWANZA. ATMOSPHERE WAS WARM BUT SERIOUS, WITH SECRETARY POSING A NUMBER OF QUESTIONS. UMBA EMPHASIZED THAT IT WAS VALUABLE TO HAVE RENEWED ASSURANCES FROM THE SECRETARY OF THE HIGH VALUE WHICH USG PLACES ON ITS GOOD RELATIONS WITH ZAIRE, A SENTIMENT WHICH ZAIRE AND PRESIDENT MOBUTU RECIPROCATATE FULLY. CHRISTOPHER

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## Message Attributes

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**TAGS:** EAID, PDIP, CG, US, (VANCE, CYRUS R), (UMBA DI LUTETE)  
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